

City of Detroit



CITY COUNCIL

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ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: Councilmembers

FROM: Irvin Corley, Jr., Director 
Anne Marie Langan, Deputy Director 

DATE: March 18, 2009

RE: Implementation of Pension Improvements for Non-Union Uniformed Police and Fire Department Executives

This memo is to provide a short written update to Council, and to alert Council that based on Detroit City Charter language Article 11, Section 104, "*Information required before benefit increase*," Council still has not received the proper documents, nor can final action be taken until at least 3 months after the report of the actuary is made public at a meeting of the City Council.

We recommended to Council in our October 2, 2008 memo that the letter submitted by the Labor Relations Division on September 4, 2008 and then a revision on October 9, 2008, be divided into two separate letters/actions for Council approval. The first action would request the fringe benefit increase for non-union employees supported by a resolution and the second action, would request authorization for the pension benefit increase. This second letter would not be submitted until the appropriate actuarial report was completed and sent with the requested resolution. According to the charter the second request and actuarial report would have to lay on the table for at least ninety days

Last week at the Internal Operations Standing Committee a packet of papers was passed out by the Administration. This was supposed to be the actuarial report that was requested. However it was not complete and the Administration believes that it does not completely comport with the pension benefit request being made.

We have discussed this with Labor Relations. It seems they are in agreement and will provide the proper resolutions as outlined above.

Attached is a copy of the pertinent section of the Charter, a copy of the documents passed out last week and a copy of our report from October.

Attachments

cc: Council Divisions
Louise Jackson-Williams, RAD
Shannon Holmes, Human Resources Director
Barbara Wise-Johnson, Labor Relations Director
Joseph Harris, Finance Director
Pamela Scales, Budget Director
Arese Robinson, Mayor's Office

Part I
HOME RULE CHARTER*

ARTICLE 11.
RETIREMENT PLANS*

Case law annotations: Changes in the police retirement plan are mandatory subjects of bargaining and voter approval is not necessary in order to change the police retirement plan contained in the charter; Detroit Police Officers Association v. City of Detroit, 391 Mich. 44, 214 N.W. 2d 803 (1974).

City Code reference— Retirement systems, Ch. 47.

Sec. 11-101. City's duties.

1. The city shall provide, by ordinance, for the establishment and maintenance of retirement plan coverage for city employees.
2. Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and that funding shall not be used for financing unfunded accrued liabilities.
3. The accrued financial benefits of active and retired city employees, being contractual obligations of the city, shall in no event be diminished or impaired.

Sec. 11-102. Continuation of existing plans.

The retirement plans of the city existing when this Charter takes effect, including the existing governing bodies for administering those plans, the benefit schedules for those plans and the terms for accruing rights to and receiving benefits under those plans shall, in all respects, continue in existence exactly as before until changed by this Charter or an ordinance in accordance with this article.

Sec. 11-103. Principles applicable in administering plans.

Not more than two (2) governing bodies for administering the city's retirement plans may be established.

1. The board of trustees of the general retirement system shall consist of:

A. The mayor;

B. A city council member selected by that body;

C. The city treasurer.

D. Five (5) members of the retirement system, to be elected by the members of the retirement system under rules and regulations as may be adopted by the board, except that not more than one (1) trustee shall be elected from any department;

E. A citizen of the city who is neither an employee of the city nor eligible to receive benefits under the retirement system, appointed by the mayor, subject to approval of the board.

F. One (1) retirant, receiving benefits under the retirement system and elected by retired city employees under procedures established by ordinance.

2. The board of trustees of the police and fire retirement system shall consist of:

A. The mayor or in the absence of the mayor, a designee;

B. A city council member selected by that body;

C. The city treasurer;

D. The chief of police;

E. The fire commissioner;

F. Three (3) firefighters who are members of the retirement system elected by the firefighter members under the rules and regulations as may be adopted by the board. Trustees shall be:

1. Two (2) to be elected by and from members holding the rank of lieutenant (or equivalent) and lower ranks;

2. One (1) to be elected by and from members holding a rank above lieutenant (or equivalent).

G. Three (3) police officers who are members of the retirement system elected by police officer members under the rules and regulations as may be adopted by the board. Trustees shall be:

1. Two (2) to be elected by and from members holding the rank of lieutenant (or equivalent) and lower ranks;

2. One (1) to be elected by and from members holding a rank above lieutenant (or equivalent); and

H. A retirant, receiving benefits under the retirement system who shall be a resident of the city and elected by retired firefighters and police officers under procedures established by ordinance.

Staff services required by a governing body shall be provided as determined by the finance director.

Sec. 11-104. Information required before benefit increase.

Before final action on any proposed change in future retirement benefits is taken, the city council shall obtain a report as to the immediate and long-term costs of the change from an independent actuary of its choosing and may not take final action until at least three (3) months after the report of the actuary is made public at a meeting of the city council.

Sec. 11-105. Audits.

The board of trustees for the city retirement plans shall contract for annual independent audits.



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April 14, 2008

Mr. Jeff Beasley
Treasurer
City of Detroit
2 Woodward Avenue, Suite 908
Detroit, MI 48226

Re: Effect of Amortizing the Full Funding Credit

Dear Jeff:

Our June 30, 2007 actuarial valuation report shows an employer normal cost rate of 26.71% of covered payroll for FY 2009 along with a full funding credit (excess of the funding value of assets over actuarial accrued liabilities of \$410.4 million). It is currently board policy not to offset a portion of the normal cost rate by a portion of the full funding credit.

We have been asked to determine what the computed employer contribution rate would be if the full funding credit is amortized over the remaining period for unfunded actuarial accrued liabilities – currently 28 years and alternately, 30 years. The contribution rate would be as follows:

Amortization Period	% of Payroll	
	<u>28 years</u>	<u>30 years</u>
Employer normal cost	26.71%	26.71%
Full funding credit	(9.79)	(9.37)
Computed employer rate	16.92%	17.34%

Please remember that as the full funding credit is depleted contribution rates will increase at least to the level of the full employer normal cost.

Also, please find a copy of our July 10, 2007 supplemental report concerning proposed changes in the inclusion of sick leave in the computation of AFC enclosed.

Sincerely,

Norman L. Jones

NLJ:rmn
Enclosure

cc: Judith A. Kermans
Kenneth G. Alberts
Walter Stampor

July 10, 2007

Board of Trustees
The Police and Fire Retirement System of the
City of Detroit
2 Woodward Avenue – Suite 908
Detroit, Michigan 48226

Attn: George Orzech

**Re: City of Detroit Policemen and Firemen Retirement System
Valuations of Alternate Benefit Provisions**

Dear Trustees:

Enclosed are 10 copies of a memorandum presenting results of supplemental actuarial valuations of proposals under consideration for the Police and Fire Retirement System of the City of Detroit.

Sincerely,

Judith A. Kermans

JAK:rmg
Enclosures

cc: Walter Stampor
Cynthia Thomas
Norman L. Jones (GRS)

**THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
SUPPLEMENTAL ACTUARIAL VALUATIONS OF
PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2006**

Requested By: Board of Trustees
The Police and Fire Retirement System of the City of Detroit

Date: July 10, 2007

Submitted By: Norman L. Jones and Judith A. Kermans
Gabriel, Roeder, Smith & Company

Presented in this memorandum are the results of supplemental actuarial valuations to measure the financial effect of allowing members to add the **3 or 4 year average** of 17.5% of the total value of unused sick leave at retirement to their Average Final Compensation.

The valuations were based upon the same member data and actuarial methods and assumptions that were used in the regular annual actuarial valuation as of June 30, 2006. Increases in active member accrued liabilities were amortized as a level percent of payroll over a period of 30 years. Actuarial assumptions are adopted by the Retirement Board of Trustees. In particular:

- The assumed rate of investment return was 7.8%.
- The valuation method was entry-age normal cost.
- For purposes of amortizing unfunded accrued liabilities, payroll was assumed to increase 4.8% per year.

Supplemental valuations do not predict the result of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of the change only on future valuations without comment on the complete end result of the future valuations.

The calculations in this report are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important and relevant plan provisions are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
SUPPLEMENTAL ACTUARIAL VALUATIONS OF
PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2006

Active member data used in the valuation is summarized below:

	Active Members 6/30/2006
Number	4,312
Annual Payroll (\$ millions)	\$ 228.1
Average Age (years)	40.5
Average Service (years)	14.1
Average Payroll	\$52,908

Current inactive members and retirees were assumed to be unaffected by the proposals and were excluded from this study.

The Retirement System provided amounts of accrued sick leave for members with the valuation data. Using that data, we computed the average accrual per year of service to be 4.45 days.

Benefit changes are often inter-related so that the cost of multiple changes may exceed the sum of individual costs. Any additional changes under consideration could affect the financial impact of this proposal.

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

SUPPLEMENTAL ACTUARIAL VALUATIONS OF

PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2006

Present Provision: At termination, 70% of accrued unused sick leave hours are paid out in the form of a lump sum, based on the member's hourly rate of pay.

Proposed Provision: Upon service retirement, members would be allowed to add the **3 year average** of 25% of the 70% (i.e., 17.5%) of accrued sick leave hours in computing Average Final Compensation. The remaining lump sum distribution for such members would be reduced to the value of 52.5% of accrued sick leave hours.

ACTUARIAL STATEMENT

Computed Increase In	% of Member Payroll	
	100% Election	60% Election
Employer Normal Cost	0.56%	0.34%
Accrued Liabilities (30 years)@	<u>0.64%</u>	<u>0.38%</u>
Total Increase in Employer Rate	1.20%	0.72%
Decrease in Cost of Lump Sum Payments#	<u>0.40%</u>	<u>0.24%</u>
Net Cost of Proposal	0.80%	0.48%
First Year (\$ millions)	\$1.8	\$1.1

Offsetting cost of lump sum paid outside of the retirement system.

@ Increase in accrued liabilities would be approximately \$27.8 million.

Comments:

- Results are based upon the assumption that, on average, unused sick leave banks increase at the rate of 4.45 days per year (the current average accrual rate per year of service). If accrual rates are higher or lower in the future, the long-term cost will be higher or lower than shown above.
- It would nearly always be in the long-term financial interest of a retiring member to elect to roll unused sick leave into AFC (see illustration on page 5). However, retirement system experience with other programs suggests that not all would elect to do so. Therefore, alternate results are shown based upon a 60% election rate. The cost of a higher or lower election rate would be proportional to those shown above.
- The costs shown above represent the estimated increase in benefits for members retiring due to reaching age and service requirements. If terminated vested members or members who retire due to disability have substantial accrued sick leave hours, costs will be higher than shown above.

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

SUPPLEMENTAL ACTUARIAL VALUATIONS OF

PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2006

Present Provision: At termination, 70% of accrued unused sick leave hours are paid out in the form of a lump sum, based on the member's hourly rate of pay.

Proposed Provision: Upon service retirement, members would be allowed to add the **4 year average** of 25% of the 70% (i.e., 17.5%) of accrued sick leave hours in computing Average Final Compensation. The remaining lump sum distribution for such members would be reduced to the value of 52.5% of accrued sick leave hours.

ACTUARIAL STATEMENT

Computed Increase In	% of Member Payroll	
	100% Election	60% Election
Employer Normal Cost	0.42%	0.25%
Accrued Liabilities (30 years)@	<u>0.48%</u>	<u>0.29%</u>
Total Increase in Employer Rate	0.90%	0.54%
Decrease in Cost of Lump Sum Payments#	<u>0.40%</u>	<u>0.24%</u>
Net Cost of Proposal	0.50%	0.30%
First Year (\$ millions)	\$1.1	\$0.7

Offsetting cost of lump sum paid outside of the retirement system.

@ Increase in accrued liabilities would be approximately \$20.9 million.

Comments:

- Results are based upon the assumption that, on average, unused sick leave banks increase at the rate of 4.45 days per year (the current average accrual rate per year of service). If accrual rates are higher or lower in the future, the long-term cost will be higher or lower than shown above.
- It would nearly always be in the long-term financial interest of a retiring member to elect to roll unused sick leave into AFC (see illustration on page 5). However, retirement system experience with other programs suggests that not all would elect to do so. Therefore, alternate results are shown based upon a 60% election rate. The cost of a higher or lower election rate would be proportional to those shown above.
- The costs shown above represent the estimated increase in benefits for members retiring due to reaching age and service requirements. If terminated vested members or members who retire due to disability have substantial accrued sick leave hours, costs will be higher than shown above.

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
ILLUSTRATION OF THE EFFECT OF
ADDING UNUSED SICK LEAVE TO AFC

	Current	USL Proposal 3 Year Average	USL Proposal 4 Year Average
1. AFC excluding USL	\$50,000	\$50,000	\$50,000
2. Service at retirement	30 years	30 years	30 years
3. Unused sick leave hours	2,000	2,000	2,000
4. Hourly rate	\$25	\$25	\$25
5. USL bank value	\$50,000	\$50,000	\$50,000
6. % included in AFC	0%	17.5%	17.5%
7. % paid in a lump sum	70%	52.5%	52.5%
8. Adjusted AFC:	\$50,000	\$52,917#	\$52,188*
9. Annual pension	\$36,500	\$38,629	\$38,097
10. % increase in pension		5.8%	4.4%
11. Lump sum USL payment: (5) x (7)	\$35,000	\$26,250	\$26,250

$(1) + [(5) \times (6)/3]$

* $(1) + [(5) \times (6)/4]$

Note: If the operation of the proposals are different than the illustrations, costs will be different than those shown in this report.

WERNONE ELSE.

**THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
SUPPLEMENTAL ACTUARIAL VALUATIONS OF
PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2007**

Present Provision: At termination, 85% of accrued unused sick leave hours are paid out in the form of a lump sum, based on the member's hourly rate of pay.

Proposed Provision: Upon service retirement, members would be allowed to add the **3-year average** of 25% of the 85% (i.e., 21.25%) of accrued sick leave hours in computing Average Final Compensation. The remaining lump sum distribution for such members would be reduced to the value of 63.75% of accrued sick leave hours.

ACTUARIAL STATEMENT

Computed Increase In	% of Member Payroll	
	100% Election	60% Election
Employer Normal Cost	0.72%	0.43%
Accrued Liabilities (30 years)@	<u>0.85%</u>	<u>0.51%</u>
Total Increase in Employer Rate	1.57%	0.94%
Decrease in Cost of Lump Sum Payments#	<u>0.55%</u>	<u>0.33%</u>
Net Cost of Proposal	1.02%	0.61%
First Year (\$ millions)	\$2.3	\$1.4

Offsetting cost of lump sum paid outside of the retirement system.

@ Increase in accrued liabilities would be approximately \$37.0 million.

Comments:

- Results are based upon the assumption that, on average, unused sick leave banks increase at the rate of 4.62 days per year (the current average accrual rate per year of service). If accrual rates are higher or lower in the future, the long-term cost will be higher or lower than shown above.
- It would almost always be in the long-term financial interest of a retiring member to elect to roll unused sick leave into AFC (see illustration on page 14). However, retirement system experience with other programs suggests that not all would elect to do so. Therefore, alternate results are shown based upon a 60% election rate. The cost of a higher or lower election rate would be proportional to those shown above.
- The costs shown above represent the estimated increase in benefits for members retiring due to reaching age and service requirements. If terminated vested members or members who retire due to disability have substantial accrued sick leave hours, costs will be higher than shown above.

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THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT **SUPPLEMENTAL ACTUARIAL VALUATIONS OF** **PROPOSALS UNDER CONSIDERATION AS OF JUNE 30, 2007**

Present Provision: At termination, 100% of accrued unused sick leave hours are paid out in the form of a lump sum, based on the member's hourly rate of pay.

Proposed Provision: Upon service retirement, members would be allowed to add the 3-year average of 25% of the 100% (i.e., 25.00%) of accrued sick leave hours in computing Average Final Compensation. The remaining lump sum distribution for such members would be reduced to the value of 75.00% of accrued sick leave hours.

ACTUARIAL STATEMENT

Computed Increase In	% of Member Payroll	
	100% Election	60% Election
Employer Normal Cost	0.87%	0.52%
Accrued Liabilities (30 years)@	<u>0.98%</u>	<u>0.59%</u>
Total Increase in Employer Rate	1.85%	1.11%
Decrease in Cost of Lump Sum Payments#	<u>0.65%</u>	<u>0.39%</u>
Net Cost of Proposal	1.20%	0.72%
First Year (\$ millions)	\$2.8	\$1.7

Offsetting cost of lump sum paid outside of the retirement system.

@ Increase in accrued liabilities would be approximately \$43.6 million.

Comments:

- Results are based upon the assumption that, on average, unused sick leave banks increase at the rate of 4.62 days per year (the current average accrual rate per year of service). If accrual rates are higher or lower in the future, the long-term cost will be higher or lower than shown above.
- It would almost always be in the long-term financial interest of a retiring member to elect to roll unused sick leave into AFC (see illustration on page 17). However, retirement system experience with other programs suggests that not all would elect to do so. Therefore, alternate results are shown based upon a 60% election rate. The cost of a higher or lower election rate would be proportional to those shown above.
- The costs shown above represent the estimated increase in benefits for members retiring due to reaching age and service requirements. If terminated vested members or members who retire due to disability have substantial accrued sick leave hours, costs will be higher than shown above.

City of Detroit

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ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*

DATE: October 3, 2008

RE: Implementation of Pension Improvements for Non-Union Police and Fire Department Executives

The following information is submitted for your Honorable Body's review in response to the September 4, 2008 Council Letter and Resolution submitted by the Human Resources Department, Labor Relations Division RE: Implementation of Pension Improvements for Non Union Police & Fire Department Executives. Also addressed are the questions and issues raised in a September 18, 2008 Memorandum from Council Member Barbara-Rose Collins related to the Council Letter and Resolution. (See both memorandums attached.)

Summary of the issues:

- The Human Resources request includes an increase to an employee benefit and a pension benefit increase. The appropriate approval process is different for each type.
- The changes, both to the employee benefit and pension benefit, are being made to bring non-union uniformed employees benefits in line with recent changes to the benefits for represented uniformed employees. The represented employees' benefits were improved as part of negotiations the Administration conducted with the uniformed labor unions during the development of the 2008-09 Budget. The coordination of benefits of non-union and union employees is in conformance with past practice and city policy.
- The changes in the request currently before Council are for non-union uniformed employees only. Civilian union and non-union employees have different agreements in place covering the percentage of sick leave on retirement that is paid, and the amount that can be included for pension calculation purposes.
- The requested change in the percentage of sick leave on retirement payment does not appear to represent a rational pattern. The lowest paid and highest paid employees receive the highest percentage payout or 100%, and those in the middle receive 85% payout.
- The timing of the request certainly appears directed at allowing the non-union uniformed employees choosing to retire as a result of the recent change in administration to take advantage of these benefit changes.

▪ **Estimated Cost of Requested Changes**

- **Employee Benefit** - Percentage increase in Sick Leave on Retirement - \$1,216,000 for both union and non-union employees. The small number, estimated at 35 or 40 of non-union positions covered by this request, compared to the total of over 4,500 uniformed union represented positions already covered by agreements in place, makes the non-union portion of this total relatively small, around \$11,000.
- **Pension Benefit** - Allowing the option to include 25% of the total Sick Leave on Retirement amount to be included in final average compensation for pension calculation purposes. - Requires an actuarial study to determine cost.

Request includes both employee benefit and pension benefit changes

The request before Council contains two different items, one is an employee benefit increase and the other is a pension benefit increase. This is a critical distinction as the appropriate approval process is different for each one. Employee benefit changes for non-union employees are made by Council approval of a resolution. While pension changes are effectuated by changes to the appropriate sections of the pension ordinance. In addition the charter specifies a process that must be followed before Council can take final action on pension improvements.

The most important point in connection with this request after consideration of the cost of the proposal is that as the request states "Implementation of Pension Improvements", a portion of the request is a pension improvement. One aspect of the proposal before City Council for non-union police and fire executives is the option to include 25% of the unused sick leave payout into the calculation of the employee's average final compensation for pension purposes. This is a pension benefit adjustment and per Charter Section 11-104 requires an actuarial valuation prior to approval in my opinion.

"Sec. 11-104. Information Required Before Benefit Increase.

Before final action on any proposed change in future retirement benefits is taken, the city council shall obtain a report as to the immediate and long-term costs of the change from an independent actuary of its choosing and may not take final action until at least (3) months after the report of the actuary is made public at a meeting of the city council."

Therefore the administration should provide to Council the supporting actuarial report if one exists, or the administration should request a valuation from the actuary and provide it to Council when it is available. Once the valuation report is available and accepted by Council, the charter required process of approval would begin.

Council may want to request guidance from the Law Department and the City Council Research Analysis Division concerning pension improvements gained through collective bargaining. Should the pension ordinance be amended to reflect pension benefit changes negotiated with labor unions? Do pension benefit improvements negotiated with labor

unions require an independent actuarial study prior to the approval by City Council of the labor agreement? Does the charter provision that requires a (3) month period to pass after receipt of the actuarial study before final action can be taken on pension improvements apply in situations where the improvement is the result of labor negotiations?

An additional question this raises, can the future benefit be made retroactive to a date prior to the date when Council may take "final action"? Council may want to request a legal opinion on this from both the Law Department and the City Council Research and Development Division. It seems obvious that the proposal is being submitted with the intent to benefit those uniform employees who are currently exercising their retirement options as the result of the recent change in the executive branch.

Established City Policy of maintaining consistent employee and pension benefits for represented and non-union employees.

Elimination, new or changes to non-union employee benefits are made by resolution(s) adopted by City Council. This is accomplished either by adoption of separate resolutions approved by City Council, or during the budget development process as part of the closing resolution. The closing resolution adopted as part of the budget development process contains many references to individual resolutions that have been adopted that modify non-union employee benefits. See Attachment I for an example. This is a section of the Closing Resolution for the 2008-09 Budget, and item 14 addresses unused sick leave in accordance with the noted City Council actions.

The latest Council action referenced in item 14, is July 30, 2003, page 2470. A copy of this JCC is included as Attachment II. Council should note the second resolve in the resolution attached to the July 25, 2003 letter from the Human Resources Department, Labor Relations Division that states in part, "That eligible employees in the Non-Union Executive Branch unit shall receive fringe benefit improvements ..." The improvements are then listed below. In the included Schedule A, a paragraph for Unused Sick Leave on Retirement outlines the increase in payment from 50% to 60% in order to bring non-union civilian employees into line with the change made during collective bargaining with union represented civilian employees.

This represents one recent example of granting non-union employees by resolution benefit changes in line with those granted to union represented employees. A second example, where unions agreed to a more restrictive qualification in order to retire, where in addition to 30 years of service, the employee must also be 55 years of age, is documented in Attachment III, a section of the Master Agreement with Michigan Council 25 of AFSCME for 2001-05, and Attachment IV referencing the amending of the pension ordinance with similar language that would cover non-union employees.

Rationale on the structure of the percentage payment for sick leave on retirement

If approved as submitted the percentage of sick leave on retirement allowed including both union and non-union employees, would change by groups of rank as follows:

Police ranks in ascending order. Allied firefighting ranks would receive the same percentage payments. (Union affiliation in parentheses) * Titles already covered by approved labor agreements.	Percentage of Sick Leave on Retirement under current labor agreements and this request
Police officer (DPOA) *	100%
Sergeant (LSA) * Lieutenant (LSA) * Police Commander (DPCOA) * Deputy Chief (Non-union)	85%
Assistant Chief of Police/Chief of Police (Non-union)	100%

The rationale for this pattern, where the lowest rank and highest rank groups receive 100%, and all of the ranks between them receive 85%, should be explained to Council. If City Council is not satisfied with the explanation your Honorable Body may want to consider modifying the proposal to a different pattern, possible 100% for the Police Officer/Firefighter ranks, the lowest paid group, and 85% for all others.

What impact this practice would have on the general fund for police personnel as well as non-police personnel?

The proposal is **only for uniformed non-union employees**, in order to make their employee and pension benefits consistent to those negotiated with the **uniformed unions**.

With the exception of the term in the submitted resolution of "Deputy Chiefs and those Executives allied to Deputy Chiefs" the proposal is only for uniformed personnel. After discussion with Labor Relations staff, clarification on why the resolution was worded this way and agreement to eliminate the phrase "and those Executives allied to Deputy Chiefs" was reached.

For civilian employees, represented by unions and non-union, the employee benefit of payment of sick leave on retirement provision allows the employee to receive payment for 60% of sick time. The pension benefit for civilian employees allows the inclusion of 25% of the sick leave payment to be applied to the average final compensation of the employee for pension calculation purposes. Note that in both cases, uniform and non-uniform employees who select the option to include a portion of the sick leave on retirement in the pension calculation results in the employee foregoing receipt of the amount used in the pension calculation. The employee does not receive payment for the sick leave and get to include it in the average final compensation pension calculation.

Background on Employee Benefits and Pension Improvements

During the development of the 2008-09 Budget, the Administration negotiated a financing deal with the Police and Fire Retirement System (PFRS). There are two pieces to the deal. On the PFRS side, the trustees agreed to give the City a credit of \$25 million

in each of three fiscal years, 2007-08 (the current fiscal year while the 2008-09 budget development was taking place), fiscal year 2008-09, and possibly in fiscal 2009-10. The \$25 million credit for fiscal 2009-10 is contingent on the financial status of the PFRS in the future.

In return for granting the credit on pension payments by the City to the PFRS, an improvement in the payment of sick leave upon retirement was granted to the uniformed unions, the Detroit Police Officers Association (DPOA) and the Lieutenant's and Sergeant's Association (LSA), the Detroit Police Command Officers Association (DPCOA) and the Detroit Firefighters Association (DFFA). The actual improvement for members of each union was different.

The current request before Council attempts to bring the non-union uniformed employees' benefits into line with the negotiated agreements as outlined above. If the flaws in the request are corrected, and processed appropriately, the concept is in compliance with established city policy.

Estimated Cost of the Benefit Changes

The cost of the pension improvement requires an actuarial valuation.

The following is our calculation on the cost of the increase in employee benefits as a result of increasing the sick leave on retirement payment percentage from 70% to 85% and 100% depending on rank.

Fiscal 2007-08 charges in the financial reporting system for Sick Leave on Retirement – Police and Fire is \$3,783,116, assumed paid out at 70%.

Fiscal 2007-08 number of uniformed retirements 110, police officer/firefighter 59 (54% of total), all other ranks 51 (46% of total).

Since the number of retirees in two groups, police officer/firefighter, and all others is so close to 50% each, and factoring in the fact that the rate of pay for the all other group is greater, for the costing analysis the 2007-08 payment will be split equally into two groups. One group going from 70% of payment to 100%, the other increasing from 70% to 85% of sick leave on retirement.

Calculation for Police officer/firefighter:

FY 2008-09 payment of \$3,783,115 times 50% equals \$1,891,558. This payment represents 70% payment of sick leave. Expanding this to payment of 100%, or $(\$1,891,558 * 100) / 70$ equals, \$2,702,225, an increase of \$810,667.

Calculation for all other ranks:

FY 2008-09 payment of \$3,783,115, times 50% equals \$1,891,558. This payment represents 70% payment of sick leave. Expanding this payment to 85%, or $(\$1,891,558 * 85) / 70$ equals, \$2,296,892, an increase of \$405,334.

Combined this is a total increase of \$1,216,044 as the result of increasing the percentage of sick leave on retirement payment from 70% to 85% or 100%, depending on rank for all uniform employees, both union and non-union.

It is estimated that expanding the employee benefit to non-union positions will cover approximately 35 to 40 additional employees, which is a very small number compared to the total of all uniformed employees of 4,527 budgeted positions. Therefore the additional cost for this non-union group would not be expected to be that large, probably around \$11,000.

Actual cash payment from the city to the employee may be reduced depending on the employee's selection of the option to include 25% of the total sick leave on retirement into the average final compensation to be used for the pension calculation. The employee does not receive payment for the sick leave and get to include it in the average final compensation pension calculation.

Conclusion

The Human Resources Department's request needs to be properly divided into two separate and distinct actions: a benefit increase for non-union employees supported by an amended resolution, and a pension benefit increase with an actuarial study, with a resolution adopting a pension ordinance change and complying with the charter requirements for pension improvements.

City Council needs to understand the rationale for the structure of the employee change as it relates to the different percentages, or the structure needs to be changed by the Administration.

The Council may want to seek legal guidance on the timing of when the employee and pensions benefits can be, or when Council want them to be effective.

Otherwise the overall request is consistent with the concept and city policy of granting non-union employees equal benefits with represented employees after a pattern with the unions has been established.

I would like to thank both the Labor Relations Division of the Human Resources Department, and the Pension Division of the Finance Department for their assistance in providing data that was used to prepare this report.

Attachments (4)

cc Council Divisions
 Auditor General's Office
 James J. Tyler, Human Resources Director
 Barbara Wise-Johnson, Labor Relations Director
 Joseph Harris, Chief Financial Officer
 Pamela Scales, Budget Director
 Londell Thomas, Mayor's Office

September 4, 2008

#16

HONORABLE CITY COUNCIL

**RE: Implementation of Pension Improvements for Non Union Police & Fire
Department Executives**

On May 22, 2008, your Honorable Body approved a Memorandum of Understanding which modified the existing provision in the labor agreements (Article 35, Subsection J – Retirement and Death Sick Leave Payment) of all unionized Police and Fire personnel. Therefore, in accordance with the longstanding policy of the City of Detroit, the Labor Relations Division respectfully requests that your Honorable Body pass a resolution which authorizes the same fringe benefit improvement to non-union Police and Fire Department Executives, effective July 24, 2008.

We further respectfully request that your Honorable Body adopt the following resolution with a Waiver of Reconsideration.

Respectfully submitted,



Barbara Wise-Johnson
Labor Relations Director

Attachment

BY COUNCIL MEMBER _____ :

WHEREAS, it is the longstanding policy of the City of Detroit to pass on to non-union Police and Fire Executives the fringe benefit changes received by their unionized uniformed subordinates, and

NOW THEREFORE BE IT RESOLVED, that fringe benefit changes for non-union uniformed Police and Fire Executives shall be implemented in accordance with the foregoing communication and schedule, and be it further

RESOLVED, that the Finance Director is hereby authorized to honor payrolls and vouchers in accordance with the foregoing communication, this resolution, and standard City procedures, and be it further

RESOLVED, that this action be taken with a waiver of consideration.

ATTACHMENT A

- 1) Effective July 24, 2008, Deputy Chiefs and those Executives allied to Deputy Chiefs shall receive full pay for eighty-five percent (85%) of the unused accumulated sick bank amounts; the Assistant Chiefs/Chief shall receive one hundred percent (100%) of the unused accumulated sick banks, or
- 2) choose to receive the 3-year average of twenty-five percent (25%) of the unused accrued sick leave bank as provide in 1) above, and have that sum included in the average final compensation used to compute the member's service pension of their retirement allowance. For any member choosing to exercise this option, the lump sum payment the member will receive will be the remaining value of the unused accrued sick leave bank as provided in 1) above.

City of Detroit
CITY COUNCIL

BARBARA-ROSE COLLINS
COUNCIL MEMBER

M E M O R A N D U M

To: Council Member Kwame Kenyatta

From: Council Member Barbara-Rose Collins

Re: Request from Labor Relations for Police Executive Sick-Time Payment

Date: September 18, 2008

I would like to request that the matter on 100% payment of sick time for the Chief of Police, Assistant Chiefs and Deputy Chiefs upon separation from the city be referred to the Law Department to issue a legal opinion. In addition, I would like the Fiscal staff and Budget Department to also review this request to see what impact this practice would have on the general fund for police personnel as well as non-police personnel. My concern involves the language submitted stating that the request is consistent with current practices in the Department. However, it is my understanding that only the rank of Police Officer receives the 100% payment. It is my understanding further that the higher the rank of the individual the lower the percentage of payment issued (i.e., Sgt., Lieutenant, Investigator receive 85%).

I need clarification as to how the 100% payment is consistent with rank & file when supervisory staff is offered a lower percentage. I further would like to know does this practice extend to general employees (civil servants and non-police personnel).

Thank you for your attention to this request.

Cc: City Council Colleagues
Law Department
City Clerk's Office

Attachment I

2008-09 Budget Closing Resolution

commercial rates exclusively by virtue of driving vehicles on City business and otherwise according to the City Council Resolution of November 12, 1968, J.C.C. p. 2728; and be it further

13. RESOLVED, That the Finance Director is hereby authorized to provide reimbursement of certain expenses to persons seeking or accepting employment with the City in accordance with the Resolution adopted by the City Council on February 7, 1996; and be it further
14. RESOLVED, That the Finance Director is hereby authorized to continue honoring payrolls for payment of unused sick leave to retirees, and others who separate from service in the required manner; all according to the City Council resolution of November 8, 1961; J.C.C. p. 2292, and July 20, 1971, p. 1686; August 5, 1981, p. 1957; and July 30, 2003, p. 2470; and be it further
15. RESOLVED, That the Finance Director is hereby authorized to honor payrolls for allied class titles substituted for existing titles according to City Council resolutions of April 28, 1942, and January 9, 1945; and be it further
16. RESOLVED, That overtime credit shall be granted to employees working under the Extra Service title of Election Service Worker for all hours worked under the Extra Service title beyond eight (8) hours in one day; and be it further

July 30

2470

2003

**Article III.
Miscellaneous**

Section 3.1. Repeal.

All other resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 3.2. Severability; Captions.

If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution. The captions in this Resolution are furnished for convenience of reference only and shall not be considered to be part of this Resolution.

Section 3.3. Publication.

This Resolution shall be published in full in the *Detroit Legal News*, a newspaper of general circulation in the City qualified under State law to publish legal notices, promptly after its adoption.

Section 3.4. Effective Date.

This resolution shall be effective immediately upon adoption.

Adopted as follows:

Yeas — Council Members Bates, K. Cockrel, Jr., S. Cockrel, McPhail, Tinsley-Talabi, Watson, and President Mahaffey — 7.

Nays — None.

*WAIVER OF RECONSIDERATION
(No. 8) per motions before adjournment.

**Human Resources Department
Labor Relations Division**

July 25, 2003

Honorable City Council:

Re: Recommended General Wage Increase for Non-Union Executive Branch Employees.

The Labor Relations Division respectfully requests that your Honorable Body pass a resolution amending the 2003-04 Official Compensation Schedule by granting a 2% general wage increase to eligible non-union executive branch employees effective July 1, 2003. Such a wage increase is identical to the one recently negotiated with and ratified by the City's largest bargaining unit, AFSCME, Non-Supervisory.

We are further requesting authorization to implement the following new fringe benefit changes as set forth in the attached Schedule A.

We further respectfully request that your Honorable Body adopt the following resolution with a Waiver of Reconsideration.

Respectfully submitted,
ROGER N. CHEEK
Labor Relations Director

By Council Member Bates:

Resolved, That the 2003-2004 Official Compensation Schedule and employee wages be amended according to the foregoing letter and be it further

Resolved, That eligible employees in the Non-Union Executive branch unit shall receive fringe benefit improvements as recommended in accordance with the Schedule A on file with the City Clerk, and be it further

Resolved, That the Finance Director is hereby authorized to honor payrolls and vouchers in accordance with this resolution and letter.

SCHEDULE A

Fringe Benefit Changes

• **Other Compensation —**

Cash Bonus: Members of the bargaining unit who are on the payroll on the date of the Union's ratification of this Agreement shall receive a \$400 cash bonus. This payment will be made as soon as possible following the date of Union ratification and the City Council's resolution approving the economic terms. This payment shall not increase the employee's base rate of pay, nor shall it be included in average final compensation for pension purposes.

Persons who are on approved leave of absence, workers compensation, long-term disability or other absence from the payroll on the date of ratification shall be eligible for the \$400 bonus upon their return to active employment.

• **Funeral Leave —** Add step-son and step-daughter to those relationship defined as being treated as Immediate Family which allow an employee three (3) days funeral leave. (Effective 7/21/03)

• **Work Week, Work Day, Shift Premium —** Afternoon shift premium increased to \$.70 an hour (from the prior \$.45) and the night shift premium increased to \$.75 an hour (from the prior \$.50). (Effective 7/21/03)

• **Overtime —** Employees shall receive double time (200%) for all time worked in excess of sixteen (16) hours. (Effective 7/21/03)

• **Holidays and Excused Time —** Good Friday changed from a half-day (4 hours) excused time to a full day (8 hours) excused day. [This change to become effective on Good Friday in 2004 and thereafter.]

• **Unused Sick Leave on Retirement —** Payment upon retirement, or death with 20 or more years of service, the value of unused sick days in an employee's sick banks is increased from 50% to 60%. (Effective 7/21/03)

• **Clothing and Uniform Allowance —** Clothing allowance to be increased to \$170 per year (from prior \$85) effective with payment made subsequently to July 1, 2003. Uniform allowance to be increased to \$350 per year (from prior \$170) effective with payments made subsequently to July 1, 2003.

• **Tuition Refund —** The amount of tuition refund available to employees has been increased based on the following:

For those employees seeking a graduate degree the amount is \$2,000 (from current \$850), for those seeking an undergraduate degree the amount is \$1,500 (from current \$700), and \$1,200 for other approved employee development programs (from current \$600). The total amount of tuition refund may not be pyramided to exceed \$2,000 in any fiscal year. (Effective 7/21/03)

• **Memorandum of Understanding Re: Local 273, Registered Nurses —** Afternoon shift premium to be increased to \$1.00 per hour (previously was \$.75) and the night shift premium increased to \$1.10 per hour (previously was \$.85) (Effective 7/21/03)

• **Memorandum of Understanding Re: Private Car Mileage Reimbursement —** Employees shall be paid mileage at the current IRS per mile rate and is subject to change when the IRS rate changes. [Previous rate was 31¢ per mile. Current IRS rate is 36¢ per mile.] (Effective 7/21/03)

• **Memorandum of Understanding Re: Required Licenses and Renewals —** Employees who are required by the City to possess and maintain a license issued by a State, Federal or other governmental regulatory agency shall be reimbursed 50% of the fee. (Effective 7/21/03)

Adopted as follows:

Yeas — Council Members Bates, K. Cockrel, Jr., S. Cockrel, McPhail, Tinsley-Talabi, Watson, and President Mahaffey — 7.

Nays — None.

***WAIVER OF RECONSIDERATION** (No. 9) per motions before adjournment.

**Human Resources Department
Labor Relations Division**

July 30, 2003

Honorable City Council:

Re: Recommended General Wage Increase for Non-Union Legislative Branch Employees.

The Labor Relations Division respectfully requests that your Honorable Body pass a resolution amending the 2003-04 Official Compensation Schedule by granting a 2% general wage increase to eligible non-union legislative branch employees effective July 1, 2003. Such a wage increase is identical to the one recently negotiated with and ratified by the City's largest bargaining unit, AFSCME, Non-Supervisory.

We are further requesting authorization to implement the following new fringe benefit changes as set forth in the attached Schedule A.

We further respectfully request that your Honorable Body adopt the following resolution with a Waiver of Reconsideration.

Respectfully submitted,
ROGER N. CHEEK
Labor Relations Director

By Council Member McPhail:

Resolved, That the 2003-2004 Official Compensation Schedule and employee wages be amended according to the foregoing letter and be it further

Resolved, That eligible employees in the Non-Union Legislative branch unit shall receive fringe benefit improvements as recommended in accordance with the Schedule A on file with the City Clerk, and be it further

Resolved, That the Finance Director is hereby authorized to honor payrolls and vouchers in accordance with this resolution and letter.

SCHEDULE A

Fringe Benefit Changes

• **Other Compensation —**

Cash Bonus: All non-union Legislative branch employees who are on the payroll on July 21, 2003 shall receive a \$400 cash bonus. This payment shall not increase the employee's base rate of pay, nor shall it be included in average final compensation for pension purposes.

Persons who are on approved leave of absence, workers compensation, long-term disability or other absence from the payroll on the date of ratification shall be eligible for the \$400 bonus upon their return to active employment.

• **Funeral Leave —** Add step-son and step-daughter to those relationships defined as being treated as Immediate Family which allow an employee three (3) days funeral leave. (Effective 7/21/03)

• **Work Week, Work Day, Shift Premium —** Afternoon shift premium increased to \$.70 an hour (from the prior \$.45) and the night shift premium increased to \$.75 an hour (from the prior \$.50). (Effective 7/21/03)

• **Overtime —** Employees shall receive double time (200%) for all time worked in excess of sixteen (16) hours. (Effective 7/21/03)

• **Holidays and Excused Time —** Good Friday changed from a half-day (4 hours) excused time to a full day (8 hours) excused day. [This change to become effective on Good Friday in 2004 and thereafter.]

• **Unused Sick Leave on Retirement —** Payment upon retirement, or death with 20 or more years of service, the value of unused sick days in an employee's sick bank is increased from 50% to 60%. (Effective 7/21/03)

• **Clothing and Uniform Allowance —** Clothing allowance to be increased to \$170 per year (from prior \$85) effective with payment made subsequently to July 1, 2003. Uniform allowance to be increased to \$350 per year (from prior \$170) effective with payments made subsequent to July 1, 2003.

• **Tuition Refund —** The amount of tuition refund available to employees has been increased based on the following:

For those employees seeking a graduate degree the amount is \$2,000 (from current \$850), for those seeking an undergraduate degree the amount is \$1,500 (from current \$700), and \$1,200 for other approved employee development programs (from current \$600). The total amount of tuition refund may not be pyramided to exceed \$2,000 in any fiscal year. (Effective 7/21/03)

• **Memorandum of Understanding Re: Local 273, Registered Nurses** — Afternoon shift premium to be increased to \$1.00 per hour (previously was \$.75) and the night shift premium increased \$1.10 per hour (previously was \$.85) (Effective 7/21/03)

• **Memorandum of Understanding Re: Private Car Mileage Reimbursement** — Employees shall be paid mileage at the current IRS per mile rate and is subject to change when the IRS rate changes. [Previous rate was 31¢ per mile. Current IRS rate is 36¢ per mile.] (Effective 7/21/03)

• **Memorandum of Understanding Re: Required Licenses and Renewals** — Employees who are required by the City to possess and maintain a license issued by a State, Federal or other governmental regulatory agency shall be reimbursed 50% of the fee. (Effective 7/21/03)

Adopted as follows:

Yeas — Council Members Bates, K. Cockrel, Jr., S. Cockrel, McPhail, Tinsley-Talabi, Watson, and President Mahaffey — 7.

Nays — None.

*WAIVER OF RECONSIDERATION (No. 10) per motions before adjournment.

Human Resources Department
Labor Relations Division
July 28, 2003

Honorable City Council:

Re: Implementation of Wage Adjustments and Certain Fringe Benefit Changes for Employees Represented by AFSCME Michigan Council 25, Non-Supervisory Bargaining Unit.

By letter dated July 21, 2003, Michigan AFSCME Council 25 notified the Labor Relations Division that the City's largest bargaining unit, AFSCME Non-Supervisory Unit, ratified the tentative labor agreement recently reached between the parties. The term of this agreement is through June 30, 2005. Given the extensive time it will take to type, obtain the numerous "original" signatures, and otherwise process the entire contract, it would cause an unreasonably long delay to withhold implementation until the formal contract has been prepared and presented to your Honorable Body for approval.

Therefore, in accordance with standard City procedure, this Office is recommending that your Honorable Body pass a res-

olution amending the 2003-04 Official Compensation Schedule by granting a 2% general wage increase for the subject represented employees effective July 1, 2003. We are further requesting authorization to implement the following new contract provisions:

A. Special Adjustments for certain classifications based on recruitment and retention difficulties and special skills upgrading as outlined in the attached Schedule A.

B. Fringe benefit changes as set forth in the attached Schedule B.

We further respectfully request that your Honorable Body adopt the following resolution with a Waiver of Reconsideration.

Respectfully submitted,
ROGER N. CHEEK
Director

By Council Member McPhail:

Resolved, That the 2003-2004 Official Compensation Schedule and employee wages be amended according to the foregoing letter and be it further

Resolved, That employees in the AFSCME Non-Supervisory bargaining unit shall receive special wage adjustments and fringe benefit improvements as recommended in accordance with the Schedules on file with the City Clerk, and be it further

Resolved, That the Finance Director is hereby authorized to honor payrolls and vouchers in accordance with this resolution and letter.

SCHEDULE A AFSCME Non-Supervisory Special Adjustments

A. The following classifications shall be granted fifty cents (50¢) per hour special wage adjustment effective July 1, 2003.

01-20-18 Biomedical Coding Clerk
04-30-31 Bookkeeper
04-30-41 Sr. Bookkeeper
02-20-27 Bookkeeping Machine Clerk
— Numeric Interim
01-20-21 Clerk
01-20-31 Sr. Clerk
01-20-35 Sr. Clerk/Teller
55-12-01 Clerk — Public Housing
55-12-02 Sr. Clerk — Public Housing
02-50-21 Data Processing Equipment Operator
04-16-10 Data Processing Program Aid
72-20-21 Deliver Driver
02-70-21 Duplicating Devices Operator
33-85-21 Identification Technician
33-85-31 Sr. Identification Technician
01-33-25 Legal Secretary
01-20-11 Messenger
04-73-25 Money Handler
04-73-28 Intermediate Money Handler
04-73-36 Sr. Money Handler
41-80-25 Neighborhood Services Representative
03-73-26 Assistant Offset Printer

04-73-23	Parking Meter Collections Assistant	05-70-11	Election Service Worker
04-73-33	Sr. Parking Meter Collections Assistant	08-10-10	Field Service Representative
01-20-41	Principal Clerk	19-30-14	Line Systems Investigator
03-71-21	Print Shop Assistant	61-90-35	Miner
01-20-22	Service Information Clerk	53-10-21	Park Maintenance Worker
35-90-33	Specialized Transportation Services Assistant	61-70-24	Pitometer Technician
01-33-21	Stenographer	74-90-11	Power Plant Helper
01-33-31	Sr. Stenographer	45-30-26	Recreation Leader — Male/Female
55-12-12	Sr. Stenographer — Public Housing	71-20-30	Repair Mechanic
05-50-11	Assistant Storekeeper	09-60-25	Senior Electrical Meter Reader
05-50-21	Storekeeper	61-70-34	Senior Pitometer Technician
05-50-31	Sr. Storekeeper	63-20-19	Senior Service Guard
55-19-02	Storekeeper — Public Housing	52-10-31	Senior Tree Artisan
55-19-01	Assistant Storekeeper — Public Housing	09-60-31	Senior Water Meter Reader
04-63-31	Teller	53-55-31	Senior Zookeeper
04-63-37	Sr. Teller	63-20-16	Service Guard
35-90-17	Transportation Information Clerk	63-20-17	Service Guard — Public Utility
35-90-34	Transportation Timekeeper	74-61-21	Sewage Plant Attendant
01-31-21	Typist (Office Assistant II)	74-61-11	Sewage Plant Helper
01-31-31	Sr. Typist (Office Assistant III)	19-50-11	Sewer Safety Helper
55-12-08	Typist (Office Assistant II) — Public Housing	41-20-21	Social Worker
55-12-09	Sr. Typist (Office Assistant III) — Public Housing	52-10-21	Tree Artisan
09-20-33	Workers Compensation Specialist	61-60-11	Underground Conduit Construction Helper
01-20-10	Payroll Audit Clerk	02-10-27	Water Billing Audit Clerk
01-20-19	Sr. Payroll Audit Clerk	71-22-21	Water Meter Mechanic
01-20-25	Personnel & Payroll Clerk	09-60-22	Water Meter Reader
01-20-39	Sr. Personnel & Payroll Clerk	71-22-11	Water Meter Worker
55-12-03	Sr. Personnel & Payroll Clerk — Public Housing	73-54-13	Water Plant Attendant
01-20-23	Personnel Records Clerk	61-75-06	Water Systems Helper
01-20-44	Sr. Personnel Records Clerk	61-72-21	Water Systems Investigator
01-20-26	Voucher Audit Clerk	25-20-13	Water Systems Laboratory Aid
01-20-38	Sr. Voucher Audit Clerk	61-75-31	Water Systems Mechanic
63-10-13	Building Attendant A	61-75-21	Water Systems Repair Worker
55-19-11	Building Attendant A — Public Housing	53-55-21	Zookeeper
19-50-21	Assistant Sewer Safety Inspector	22-25-15	Medications Licensed Practical Nurse
61-72-11	Assistant Water Systems Investigator	22-23-11	First Aid Station Nurse
72-31-31	Auto Mechanic	<p>B. The following classification shall be granted a one dollar (\$1.00) per hour special wage adjustment effective July 1, 2003:</p> <p>01-31-62 Telecommunications Operator</p>	
63-10-23	Automotive Service Attendant		
71-90-21	Civic Center Facilities Worker	<p>C. The following classifications shall be granted a one dollar and fifty cents (\$1.50) per hour special wage adjustment effective July 1, 2003:</p> <p>22-10-16 Sr. Clinic Nurse</p> <p>22-10-14 Clinic Nurse</p> <p>Venereal Disease</p> <p>22-20-13 Public Health Nurse</p> <p>22-20-22 Sr. Public Health Nurse</p>	
63-10-14	Coach Service Attendant		
09-91-61	Commercial Accounts Investigator	<p>SCHEDULE B</p> <p>Fringe Benefit Changes</p> <p>• Other Compensation —</p> <p>Cash Bonus: Members of the bargaining unit who are on the payroll on the date of the Union's ratification of this Agreement shall receive a \$400 cash bonus. This payment will be made as soon as possible following the date of Union ratification and the City Council's resolution approving the economic terms.</p>	
24-23-07	Community Nutrition Helper		
41-42-15	Counselor Aid		
08-10-01	Customer Service Representative I		
08-10-02	Customer Service Representative II		
08-10-03	Customer Service Representative III		
01-20-28	Delinquent Water Bill Collector		
19-30-05	Drafting Technician I		
19-30-13	Drafting Technician II		
19-30-23	Drafting Technician III		

This payment shall not increase the employee's basic rate of pay, nor shall it be included in average final compensation for pension purposes.

Persons who are on approved leave of absence, workers compensation, long-term disability or other absence from the payroll on the date of ratification shall be eligible for the \$400 bonus upon their return to active employment.

- **Funeral Leave** — Add step-son and step-daughter to those relationships defined as being treated as Immediate Family which allow an employee three (3) days funeral leave. (Effective 7/21/03)

- **Work Week, Work Day, Shift Premium** — Afternoon shift premium increased to \$.70 an hour (from the prior \$.45) and the night shift premium increased to \$.75 an hour (from the prior \$.50). (Effective 7/21/03)

- **Overtime** — Employees shall receive double time (200%) for all time worked in excess of Sixteen (16) hours. (Effective 7/21/03)

- **Holidays and Excused Time** — Good Friday changed from a half-day (4 hours) excused time to a full day (8 hours) excused day. [This change to become effective on Good Friday in 2004 and thereafter.]

- **Unused Sick Leave on Retirement** — Payment upon retirement, or death with 20 or more years of service, the value of unused sick days in an employee's sick banks is increased from 50% to 60%. (Effective 7/21/03).

- **Clothing and Uniform Allowance** — Clothing allowance to be increased to \$170 per year (from prior \$85) effective with payment made subsequent to July 1, 2003. Uniform allowance to be increased to \$350 per year (from prior \$170) effective with payments made subsequent to July 1, 2003.

- **Tuition Refund** — The amount of tuition refund available to employees has been increased based on the following: For those employees seeking a graduate degree the amount is \$2000 (from current \$850), for those seeking an undergraduate degree the amount is \$1500 (from current \$700), and \$1200 for other approved employee development programs (from current \$600). The total amount of tuition refund may not be pyramided to exceed \$2000 in any fiscal year. (Effective 7/21/03)

- **Memorandum of Understanding Re: Local 273, Registered Nurses** — Afternoon shift premium to be increased to \$1.00 per hour (previously was \$.75) and the night shift premium increase to \$1.10 per hour (previously was \$.85). (Effective 7/21/03)

- **Memorandum of Understanding Re: Private Car Mileage Reimbursement** — Employees shall be paid mileage at the current IRS per mile rate and is

subject to change when the IRS rate changes. [Previous rate was 31¢ per mile. Current IRS rate is 36¢ per mile] (Effective 7/21/03)

- **Memorandum of Understanding Re: Required Licenses and Renewals:** Employees who are required by the City to possess and maintain a license issued by a State, Federal or other governmental regulatory agency shall be reimbursed 50% of the fee. (Effective 7/21/03)

Adopted as follows:

Yeas — Council Members Bates, K. Cockrel, Jr., S. Cockrel, McPhail, Tinsley-Talabi, Watson, and President Mahaffey — 7.

Nays — None.

*WAIVER OF RECONSIDERATION (No. 11), per Motions before Adjournment.

Planning & Development Department July 23, 2003

Honorable City Council:

Re: SNAP (Stop Neighborhood Abandonment Program) Parcel 289A, generally bounded by Martin Luther King, Jr. Blvd., Williams, Michigan & W. Grand Blvd.

The Planning and Development Department (P&DD) has received and requests authorization to process the following request under its SNAP Program (a copy of the SNAP guidelines attached for your reference):

Habitat For Humanity Detroit a Michigan Non-Profit Corporation

As you may recall, the SNAP Program is a program whereby community groups may acquire property for the Michigan State Housing Development Authority (MSHDA) for development for a nominal price. Parcel 289A consists of scattered vacant lots which are located in the area bounded by Martin Luther King, Jr. Blvd., Williams, Michigan & W. Grand Blvd. of which will be the construction of single family homes.

We hereby request authorization to request acceptance of these properties by MSHDA, and upon acceptance by MSHDA, and satisfaction by the respective community groups of MSHDA's requirements and the requirements of the SNAP Program, that the Finance Department Director be authorized to issue Quit Claim Deeds to Michigan State Housing Development Authority upon payment of the sum of \$1.00 for each property.

Respectfully submitted,
HENRY B. HAGOOD

Director of Development Activities

By Council Member McPhail:

Resolved, That in accordance with the Offer to Purchase and the foregoing communication, the Planning and Development Department be authorized to request acceptance of the following prop-

Master Agreement Michigan Council 25 of AFSCME
2001-2005

be known as the Actuarially Reduced 25 Year Option of the Retirement Plan. Employees who are receiving a duty or a non-duty disability pension or Income Protection benefits may elect to convert to this new option if they otherwise meet the qualifications.

Employees who have resigned with 25 or more years of service since July 1, 1992, shall have ninety (90) days to submit an application for this option from the date they are officially notified by the Pension Bureau that said application can be processed.

After the initial enrollment of applicants by the Pension Bureau, employees who subsequently leave City employment shall have ninety (90) days from their last paid date on the City payroll to select this option.

Retirees who began receiving a Duty or Non-Duty Disability Pension after July 1, 1992, may convert to this option no later than ninety (90) days after they would have had twenty-five (25) years with the City and have been notified by the Pension Bureau of the availability of this option.

Employees who began receiving Income Protection Benefits after July 1, 1992, may convert to this option anytime after they have had twenty-five (25) years of service with the City.

The above paragraphs notwithstanding, employees hired after January 1, 1996, shall not be eligible for a Service Retirement until they shall have attained fifty-five (55) years of age. This age requirement shall apply to both the Regular Service Retirement with thirty (30) years of service and for pension calculation purposes to the Early Service Retirement (actuarially reduced) with twenty-five (25) or more years of service.

- B. Retirement benefits shall be modified to include an optional coordination of benefits between regular retirement benefits and Social Security benefits for those employees who retire from the City with a regular retirement or the Actuarially Reduced 25 Year Option prior to becoming eligible for Social Security payments. Such coordination of benefits shall cause an approximate leveling of total monthly benefits derived from both the City's retirement system and Social Security without creating any additional actuarial costs.
- C. For employees hired on or after July 1, 1980, the vesting provisions of the City Retirement Plan shall require ten (10) years of service regardless of age in lieu of the "40 and 8 " age and service requirement.
- D. For employees who separate from City service with a vested pension prior to reaching eligibility for a regular service retirement, time earned after July 1, 1986 shall not be factored into the formula for determining their pension benefit until they shall have attained age 62. This provision will not affect the current practice governing disabled employees.

In the event that any law, state or federal is passed during the term of this Agreement which permits employees to vest their pension prior to meeting the vesting requirements set forth in this contract, any employee who vests his/her pension in such a manner shall not be eligible for any pension benefits until his/her sixty-second (62nd) birthday.

Attachment IV

Chapter 47. Article IV. Miscellaneous Provisions of the General Retirement System

Section 47-2-1.

63 *Consolidation of entities.*

64 1918 Detroit City Charter, T.9, C. VI, A. 5, §2, as amended effective September 15, 1964.

65 1918 Detroit City Charter, T.9, C. VI, A. 5, §3, as amended effective September 15, 1964, as amended by Ordinance 357-H, effective December 30, 1979, retroactive to January 1, 1979.

66 1918 Detroit City Charter, T.9, C. VI, A. 5, §3, as amended effective September 15, 1964.

67 *See*, 26 USC 414(u) "Special Rules Relating to Veterans' Re-employment Rights Under USERRA," P.L. 104-183, 110 Stat 1883 (104th Congress, 2d Session 1996) (2 U.S. Code Congressional and Administrative News, p. 1883).

68 This is consistent with Chapter 18, Article VI, of the 1984 Detroit City Code; as amended.

69 *See*, Section 47-2-5, this ordinance.

70 1918 Detroit City Charter, T.9, C. VI, A. 2, §1, as amended effective September 15, 1964.

71 1918 Detroit City Charter, T.9, C. VI, A. 2, §2, as amended effective September 15, 1964.

72 Those provisions outline the age and service requirements for normal service retirement, this is, after thirty years at sixty-five with eight years, at sixty with ten years or twenty-five years of service.

73 The "six-year rule" was upheld in *Weeks v Board of Trustees*, 160 Mich App 81; 408 NW2d 109 (1987).

74 Policy Resolution of the Board of Trustees, Meeting No. 2952, October 6, 1993.

75 *Ibid.*

76 *Ibid.* For example, if the retired employee had more than twenty-five years of service for his/her initial retirement, his/her factor for all new service would be two point two percent (2.2%).

77 *Ibid.* For example, if the retiree works three years, the divisor would be three, with the highest three consecutive years out of the last ten years used whenever possible.

78 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E., §1(a), as amended by the 1964 Detroit City Code Section 54-11-1(1) as amended by Ordinance 50-H, effective June 25, 1975, retroactive to July 1, 1974.

79 This section is new.

80 1918 Detroit City Charter, T.9, C. VI, A. 6, §1.1, as amended effective September 15, 1964, as amended effective August 16, 1966. In summary, a member may retire (a) with thirty years of credited service; (b) if hired after January 1, 1996, with thirty years of credited service and age fifty-five; (c) if sixty or older with ten years of credited service; or, (d) if sixty-five or older with eight years of credit service. A member may elect an actuarially reduced service retirement at any age with twenty-five or more years of service.

81 1964 Detroit City Code Section 54-7-1.1, as amended effective September 15, 1964, as amended effective August 16, 1966.

82 Service retirement allowance.